

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 H-01 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 STR-04 CEA-01

/085 W

-----086759 251043Z /14

P 250838Z JUN 77

FM USINT BAGHDAD

TO SECSTATE WASHDC PRIORITY 4702

C O N F I D E N T I A L BAGHDAD 1039

E.O. 11652: GDS

TAGS: ETRD, BGEN, PFOR, IZ, US

OF NEW ANTI-BOYCOTT LEGISLATION AS "NEW HOSTILE POSITION  
AGAINST THE ARAB NATION" AND GOI CONTINUES MEASURES TO  
ENFORCE BOYCOTT AGAINST U.S. COMPANIES

REF: (A) BAGHDAD 1021, (B) BAGHDAD 996, (C) BAGHDAD 699,  
(D) STATE 145321, (E) BAGHDAD A-23, (F) STATE 142390

1. JUNE 23 EDITION OF BAGHDAD NEWSPAPER AL-JUMHURIYAH  
REPORTS PRESIDENT CARTER'S SIGNING OF THE NEW U.S. ANTI-  
BOYCOTT LEGISLATION UNDER THE HEADLINE "CARTER'S NEW HOSTILE  
POSITION AGAINST THE ARAB NATION." THE NEWSPAPER REPORTS  
THE PRESIDENT'S REMARK THAT HE SIGNED THE BILL IN CONSIDER-  
ATION OF "THE SPECIAL INTERESTS OF THE UNITED STATES WITH  
ISRAEL AND THE MILITARY, ECONOMIC AND SECURITY  
NEEDS OF BOTH SIDES."

2. A TENDER DOCUMENT ISSUED BY GOI MINISTRY OF HEALTH  
ON JUNE 19 CONTAINS THE FOLLOWING NEW PROVISION:  
"AMERICAN AND OTHER COMPANIES THAT PRESENT GOODS OF  
AMERICAN ORIGIN SHOULD LEGALIZE THE ATTACHED STATE-  
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MENT BY THE NOTARY PUBLIC OR CHAMBER OF COMMERCE.  
THEN SUCH STATEMENT MUST BE AUTHENTICATED BY ANY  
ARABIAN DIPLOMATIC MISSION AND TO BE OFFERED WITH  
THE TENDER'S CONDITIONS AND IN CASE OF NOT SUBMITTING  
THE REQUIRED OFFICIAL STATEMENT THE OFFER IS  
NEGLECTED (SIC)."

3. THE STATEMENT REQUESTED READS AS FOLLOWS:

"GENTLEMEN: OWING TO OFFICIAL RULES, YOU ARE PLEASE REQUESTED TO CONFIRM THE FOLLOWING PARTICULARS....

1. YOU DON'T HAVE A BRANCH OF YOUR FIRM IN ISRAEL.
2. YOU HAVE NO ASSEMBLY FACTORY IN ISRAEL NEITHER DIRECTLY BY YOU OR BY ANOTHER CONCERNED ON YOUR BEHALF.
3. THERE ARE NO GENERAL AGENTS NOR CENTRAL OFFICES REPRESENTING YOU FOR THE MIDDLE EAST IN ISRAEL.
4. YOU DON'T GRANT THE RIGHT OF USE OF YOUR NAME IN ISRAEL.
5. YOU HAVE NO PARTICIPATION IN ISRAEL FACTORIES OR COMPANIES IN OR OUT OF ISRAEL AND THERE IS NO ISRAEL CAPITAL SHARING IN YOUR CAPITAL.
6. YOU DON'T GIVE ADVICE NOR EXPERT OPINION TO ISRAELI COMPANIES.
7. YOU HAVE NO OTHER RELATIONS WITH ISRAEL IN ANY FORM OR MANNER.
8. YOU DO NOT HAVE ANY CONTRARY DEALINGS TO BOYCOTTING LAWS AND INSTRUCTIONS." (SIC)

4. COMMENT: AS NOTED IN BAGHDAD REFTELS, GOI IS TIGHTENING ITS REQUIREMENTS FOR BOYCOTT CERTIFICATES FROM U.S. COMPANIES. CERTIFICATES IN THE FORM REQUESTED IN PARA. 3, ABOVE, ARE NOT NEW, HAVING APPEARED IN TENDERS CONFIDENTIAL

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AND REQUIREMENTS FOR REGISTRATION OF AGENCY AGREEMENTS UNDER IRAQI LAW NUMBER 8 OF 1976. HOWEVER, THE SECIFIC APPLICATION OF THE REQUIREMENT TO PRODUCTS OF U.S. ORIGIN IS NEW AND SINGLES OUT U.S. GOODS FOR ESPECIALLY RIGID TREATMENT. AS SUGGESTED IN REF. E, THE GOI DOES APPEAR TO BE CARRYING OUT A POLICY OF SHIFTING ITS PROCUREMENT TO NON-U.S. SOURCES WHERE SUITABLE SUBSTITUTES ARE AVAILABLE. ON THE OTHER HAND, WE HAVE NOT ENCOUNTERED BOYCOTT CERTIFICATION REQUIREMENTS OR OTHER BOYCOTT LANGUAGE IN RECENT GOI TENDERS FOR MAJOR PROJECTS FOR CONSTRUCTION OF HIGHWAY BRIDGES AND COMPUTER SOFTWARE. THIS DOES NOT RULE OUT THE POSSIBILITY THAT BOYCOTT PROBLEMS MIGHT ARISE IN THE PROCESS OF NEGOTIATION OF CONTRACTS FOR MAJOR PROJECTS, BUT IT IS STILL TOO EARLY TO SAY THAT THE GOI IS PREPARED TO SEVER ITS COMMERCIAL RELATIONS WITH THE UNITED STATES. MACK

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Reference:** 77 BAGHDAD 1021, 77 BAGHDAD 996, 77 BAGHDAD 699, 77 STATE 145321, 77 BAGHDAD A-23, 77 STATE 142390  
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**Review Markings:**  
Margaret P. Grafeld  
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